

BOARD MEETING DATE: April 1, 2005

AGENDA NO.

PROPOSAL: Amend Rule 1304 – Exemptions and Rule 1306 – Emission Calculations

SYNOPSIS: Proposed Amended Rules 1304 and 1306 clarify the emission calculation procedure for concurrent facility modifications.

COMMITTEE: Stationary Source, February 25, 2005, Reviewed

RECOMMENDED ACTIONS:

Adopt the attached resolution:

1. Amending Rule 1304 – Exemptions and Rule 1306 – Emission Calculations.
2. Certifying the CEQA Notice of Exemption (NOE) for Proposed Amended Rule 1304 and Rule 1306.

Barry R. Wallerstein, D.Env.
Executive Officer

EC:LT:LMB:RRP:SH:mm

Background

AQMD's New Source Review (NSR) program is designed to ensure that construction and operation of new and modified sources does not interfere with progress towards attainment of the National Ambient Air Quality Standards. The proposed amendment clarifies the emission calculation procedure for concurrent facility modifications for equipment subject to new source review.

Rule 1304(c) (2) exempts from offset requirements "concurrent facility modifications" that result in a "net emissions decrease, as determined by Rule 1306." Rule 1306 is used as the basis for calculating applicability of Regulation XIII as stated in Rule 1301(b) and Rule 1303. Rule 1306 is also the basis for calculating daily emission increases and decreases used for offset requirements and Emission Reduction Credits. Rule 1306 includes general provisions specifying how to calculate emission increases and decreases, and provisions specifying the manner in which calculations are to be made. Although the rule does not specifically state which of these procedures applies to

calculations of net emission decreases for the concurrent facility modification exemption, District staff has been using the potential-to-potential calculation procedure consistent for sources subject to New Source Review (NSR) with the original rule making intent. Sources which have not been subject to NSR are reviewed based on Best Available Control Technology (BACT) adjusted actual emissions. These amendments clarify and codify that intent.

Summary of Proposed Amendment

The purpose of the proposed amendments to Rules 1304 and 1306 is to clarify the language for concurrent facility modifications. Although Rule 1304 includes an exemption from offset requirements for concurrent facility modifications that result in an emissions decrease, the calculation procedure in Rule 1306 does not clearly reflect that. The proposed amendments will clarify that equipment subject to New Source Review for a concurrent facility modification shall be evaluated based on a potential-to-emit to potential-to-emit basis. Sources never subject to NSR will be reviewed based on BACT adjusted actual emissions.

This is in line with the rule interpretation of AQMD District Counsel. District Counsel has concluded that subsection (d) of Rule 1306 is to be used in calculating net emission decreases for purposes of the Concurrent Facility Modification exemption. Under this subsection, potential emissions must be calculated for the new equipment [(d) (1)] and from modified existing equipment [(d) (2)]. From this potential to emit, the permitting engineer is to subtract the pre-modification potential to emit [(d)(2)(A)], or actual emissions calculated pursuant to Rule 1306(c) if the source was never subject to Rule 213 or Regulation XIII[(d)(2)(B)]. The exemption for Concurrent Facility Modification in Rule 1304 [Section (c)(2)] will specifically refer to Rule 1306(d).

The proposed amendments are administrative and have no impact on air quality.

CEQA Analysis

The District has reviewed the proposed project pursuant to state CEQA Guidelines §15002(k) (1), the first step of a three-step process for deciding which document to prepare for a project subject to CEQA. Since it can be seen with certainty that the proposed project has no potential to adversely impact air quality or any other environmental area, it is exempt from CEQA pursuant to state CEQA Guidelines §15061(b)(3) – Review for Exemption. Pursuant to State California Environmental Quality Act (CEQA) Guidelines, the District is the Lead Agency and has prepared a Notice of Exemption for the project identified above, pursuant to state CEQA Guidelines §15062 – Notice of Exemption and attached it to this Board letter.

The Notice of Exemption will be filed with the county clerks of Los Angeles, Orange, Riverside and San Bernardino counties immediately following the adoption of the proposed project.

Socioeconomic Impacts

No socioeconomic impact is anticipated.

AQMP and Legal Mandates

The California Health and Safety Code require the AQMD to adopt an Air Quality Management Plan (AQMP) to meet state and federal ambient air quality standards in the South Coast Air Basin. In addition, the California Health and Safety Code require that the AQMD adopt rules and regulations that carry out the objectives of the AQMP.

The California Legislature created the AQMD in 1977 (The Lewis-Presley Air Quality Management Act, Health and Safety Code Section 40400 et seq.) as the agency responsible for developing and enforcing air pollution control rules and regulations in the Basin. By statute, the AQMD is required to adopt an Air Quality Management Plan (AQMP) demonstrating compliance with all state and federal ambient air quality standards for the Basin [California Health and Safety Code Section 40460(a)]. Furthermore, the AQMD must adopt rules and regulations that carry out the AQMP [California Health and Safety Code Section 40440(a)].

Public Process

District staff has scheduled a public consultation meeting on March 22, 2005. Comments and feedback received from this meeting and from written comments received relevant to the amendments will be carefully reviewed for inclusion or changes to the proposed amendments.

Resource Impacts

There are no resource impacts associated with the proposal as it is consistent with staff practices.

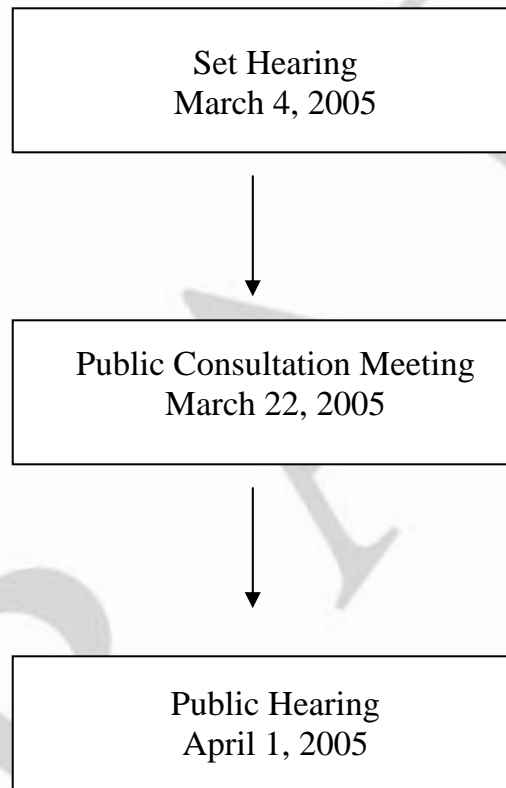
Attachments

- A. Rule Development Process
- B. Key Contacts
- C. Resolution
- D. Rule Language
- E. CEQA – Notice of Exemption

ATTACHMENT A

RULE DEVELOPMENT PROCESS

Proposed Amended Rule 1304 – Exemptions
Proposed Amended Rule 1306 – Emission Calculations



Total Time Spent
In Rule Development: 2 Months

ATTACHMENT B

KEY CONTACTS

Proposed Amended Rule 1304 – Exemptions Proposed Amended Rule 1306 – Emission Calculations

1. US Environmental Protection Agency (EPA), Region IX
San Francisco, CA
2. California Air Resources Board (CARB)
Sacramento, CA

ATTACHMENT C

RESOLUTION

A Resolution of the Governing Board of the South Coast Air Quality Management District (AQMD) certifying that proposed amendments to Rule 1304 – Exemptions and Rule 1306 – Emission Calculations, are exempt from the requirements of the California Environmental Quality Act (CEQA).

A Resolution of the Governing Board of the AQMD amending Rule 1304 and Rule 1306.

WHEREAS, the AQMD staff reviewed the proposed project and determined that it is exempt from the requirements of CEQA; and

WHEREAS, the AQMD Governing Board obtains its authority to adopt, amend, or repeal rules and regulations from Sections 40000, 40702, 40725 through 40728, 42300 *et seq.* of the California Health and Safety Code; and

WHEREAS, the AQMD Governing Board has determined that a need exists to amend Rule 1304 and Rule 1306, and

WHEREAS, the AQMD Governing Board has determined that Rule 1304 as proposed to be amended, is written or displayed so that its meaning can be easily understood by the persons directly affected by it; and

WHEREAS, the AQMD Governing Board has determined that Rule 1306 as proposed to be amended, is written or displayed so that its meaning can be easily understood by the persons directly affected by it; and

WHEREAS, the AQMD Governing Board has determined that Rule 1304, as proposed to be amended, is in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, or state or federal regulations; and

WHEREAS, the AQMD Governing Board has determined that Rule 1306, as proposed to be amended, is in harmony with, and not in conflict with or contradictory to, existing statutes, court decisions, or state or federal regulations; and

WHEREAS, a public hearing has been properly noticed in accordance with the provisions of Health and Safety Code Section 40725; and

WHEREAS, the AQMD Governing Board has determined that these amendments on Rule 1304 and Rule 1306 clarify the already existing meanings of these rules; and

WHEREAS, the AQMD Governing Board has held a public hearing in accordance with all provisions of law; and

WHEREAS, the AQMD Governing Board, in amending these rules, references the following statutes which the AQMD hereby implements, interprets, or makes specific: Health and Safety Code Sections 42300 *et seq.* and Clean Air Act Sections 172(c)(5) and 173; and

WHEREAS, the AQMD Governing Board has determined that Rule 1304 and Rule 1306, as proposed to be amended, do not impose the same requirements as any existing state or federal regulation and are necessary and proper to execute the power and duties granted to, and imposed upon, the District; and

WHEREAS, the AQMD Governing Board has determined that the socioeconomic impact assessment of Rule 1304 and Rule 1306, as proposed to be amended, is consistent with the March 17, 1989 Board Socioeconomic Resolution for rule adoption; and

WHEREAS, the AQMD Governing Board specifies the manager of Proposed Amended Rules 1304 and 1306, as proposed to be amended, as the custodian of the documents or other material which constitute the record of proceedings upon which the adoption of the proposed amendment is based, which are located at the South Coast Air Quality Management District, 21865 Copley Drive, Diamond Bar, California; and

NOW, THEREFORE, BE IT RESOLVED, that the AQMD Governing Board does hereby certify the Notice of Exemption for Rules 1304 and 1306, as proposed to be amended, completed in compliance with state CEQA Guidelines Sections 15002(k) (1), 15061(b) (1), and 15273, and that it was presented to the Governing Board, whose members reviewed, considered, and approved the information therein before acting on Rule 1304 and Rule 1306, as proposed to be amended; and

BE IT FURTHER RESOLVED, that the AQMD Governing Board does hereby amend Rule 1304 and Rule 1306 pursuant to the authority by law, as set forth in the attached and incorporated herein by this reference.

DATE: _____

CLERK OF THE BOARD

DRAFT